

# Memorandum

To: Panel Members Date: May 22, 2003

From: Dolores Kendrick, Manager Analyst: R. Dawson  
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **King's Hawaiian Holding Company, Inc.**  
(www.kingshawaiian.com)

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies With Out-of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce  
Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 270
  - In California: 265
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union  
representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$33,696
- Substantial Contribution: \$0
- Total ETP Funding: \$33,696
- In-Kind Contribution: \$58,942
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 Months

**SUBCONTRACTORS:**

Accounting Resources, Costa Mesa, California - \$8,000 for Computer Skills training.  
Conover Consulting, Fullerton, California - \$2,800 for Management and Business Skills training.  
Fisher and Phillips, Irvine, California - \$3,400 for Management Skills training.  
PC Education, Los Angeles, California - \$1,200 for Computer Skills training.  
Richards & Associates, Inc., Fountain Valley, California - \$1,350 for Computer Skills training.  
Training Funding, Seal Beach, California - \$1,950 for project administration.  
Worksafe Group, Laguna Hills, California - \$8,800 for Business Skills training.

**THIRD PARTY SERVICES:**

Training Funding assisted with the completion of the application for Employment Training Panel (ETP) funds. Amount reimbursed for services was \$6,000, which the applicant states is based on a flat fee.

**NARRATIVE:**

King's Hawaiian Holding Company, Inc., (King's Hawaiian) is eligible for ETP funding as a manufacturer under the out-of-state competition provision in Title 22, California Code of Regulations, Section 4416(b).

King's Hawaiian was founded in Hilo, Hawaii in 1950 and manufactures fresh wheat bread and rolls. The Mainland was introduced to King's Hawaiian in 1977 when bakery production began in Torrance with distribution to supermarkets throughout Southern California. Major customers include Winn-Dixie (Central Region), Wal-Mart (Rocky Mountain Region), Ralph's and Albertson's (Pacific & Northwest Region), Kroger (North Central Region), and Publix (Southeast Region). The company's primary competitors are Orowheat, Pepperidge Farm and Toufayan. King's Hawaiian has 270 employees worldwide and a total of 265 full-time employees in California. Due to its continued expansion of sales, the company is currently building a new 130,000 square foot Bakery and Corporate Headquarters facility in Torrance. This new facility will consolidate the Torrance locations that have been approved to participate under the ETP Training Program. To accommodate customer demands for increased quality and production, King's Hawaiian has purchased new equipment that will allow it to produce three times the current production and with better quality. To compliment the purchase of a new facility and equipment, King's Hawaiian's employees will require training not only on how to operate the new equipment, but will also need to be trained in Continuous Improvement, Computer Skills, Management Skills and Manufacturing Skills for the company to remain competitive and move towards a high performance workplace. With the assistance of ETP funding, the company will be able to deliver the following training to Production Staff, Sales Staff, Administrative Support Staff, Supervisors, Managers and Truck Drivers.

**Manufacturing Skills:** Production, Truck Drivers, Supervisors and Managers will receive training in Manufacturing Skills that will consist of Principles of Lean Manufacturing, Equipment Operations, Preventive Maintenance, Trouble Shooting and Good Manufacturing Practices. With King's Hawaiian investment in new equipment, training in equipment operation and maintenance is critical to improve operational efficiency and productivity, reduce production costs and waste.

**NARRATIVE: (continued)**

**Business Skills:** Managers, Supervisors, Sales Staff and Administrative Support Staff will receive training in Business Skills. Business Skills training will consist of Project Management, Customer Service, Telephone Techniques, Effective Writing Skills, Communication and Team Building Skills, Time Management and Purchasing Procedures. These courses will enable staff to better manage projects, improve internal and external customers relations, improve communication and teamwork and also teach staff how to set budgets and monitor budgets and processes more effectively.

**Continuous Improvement:** All occupations will receive training in Continuous Improvement. Continuous Improvement training will consist of Quality and Process Improvement, Improving Operating Procedures and Productivity Analysis. These courses are essential to improve productivity, streamline bottlenecks, improve quality controls and processes to meet customer satisfaction and improve operational procedures to maintain consistency and operational efficiency.

**Computer Skills:** All occupations will receive some form of Computer Skills. Currently, the company's computer system is not being utilized to the full extent because employees have a very limited knowledge of the software programs. Computer Skills training will consist of the company's Master Accounting Series (MAS 500) which maintains information on accounting, inventory, customer service and sales. Trainees will also receive training in Microsoft, Material Resources Planning (MRP), Bill of Material Processing, AutoCAD, Network Management and other needed software programs. With the proper training, King's Hawaiian employees will be able to understand the various systems and use the computer to process, analyze, and communicate data more effectively.

**Management Skills:** The current business environment requires a capable management team that is able to swiftly identify and take advantage of the new developments in the marketplace. Managers and supervisors need training to provide more effective leadership, develop personnel, improve decision-making and communication and also enhance the company's ability to affectively deal with changes in the work environment. To accomplish this, the Management and Supervisory group will require training in principles for a collaborative workplace, leading people through change, coaching, motivation and effective delegation.

**Supplemental Nature of Training**

King's Hawaiian has certified that this proposed training is new training and supplemental to training that the company has provided in the past. The company has provided primarily on-the-job training for new employees by having an experienced employee train and mentor the new-employee on how to perform the job. New-hire employees are also given an orientation and this has been provided on an individual basis or in small groups. Additionally, safety training is provided by Supervisors and is delivered in a small group setting or one-on-one with an employee. King's Hawaiian has not had an organized and comprehensive training plan as described in this Agreement. ETP funding for this project will allow the company to train a larger number of employees and provide more extensive courses developed for current and future training needs to meet its goal to become a high performance workplace. King's Hawaiian is committed to an ongoing investment in training and anticipates devoting approximately \$30,000 per year for training during the four-year period immediately following the ETP training program.

**Frontline Workers**

According to the Contractor's representative, 87 trainees in this Agreement are frontline workers, as defined under Title 22 California Code of Regulations, Section 4400(ee). They directly produce or deliver goods or services. The only Managers/Supervisors participating in this Agreement are 12 Supervisors and 9 Managers representing 20 percent of the trainees.

**In-Kind Contribution**

The Contractor will provide an in-kind contribution of at least \$58,942 to cover wages paid to employees while they attend ETP-funded training.

**COMMENTS:**

**TRAINING HOURS:**

The prospective Contractor has determined that 24 hours of training is sufficient training for workers to obtain the necessary skills. In addition, by starting with a smaller number of training hours, the company will be able to include a larger number of trainees and introduce them to formalized training on new equipment operations and procedures. This Agreement will allow King's Hawaiian to meet its immediate training needs and also prepare the company for a more aggressive training program in the future.

Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold for a profit.

**PROPOSED ACTION:**

Staff recommends that the Panel approve the One-Step Agreement if funds are available and the project meets Panel priorities. This recommendation is based upon King's Hawaiian's stated need to provide its employees with skills to enhance the company's competitive position, improve quality and production and prepare for future growth.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1  Retraitees	Continuous Improvement, Business Skills, Management Skills, Computer Skills and Manufacturing Skills	108	24	0	0	\$312	*\$11.92 – \$49.50
						<b><u>Range of Hourly Wages</u></b> *\$11.92 – \$49.50	
						<b><u>Prevalent Hourly Wage</u></b> \$20.74	
						<b><u>Average Cost per Trainee</u></b> \$312	
<b><u>Health Benefit used to meet ETP minimum wage:</u></b> *Health benefits of at least \$2.25 per hour will be applied to the base wage in order to meet the ETP minimum hourly wage.					<b><u>Turnover Rate</u></b> 10%	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b> 20%	

# KING'S HAWAIIAN MENU CURRICULUM

## Class/Lab Hours

24            Trainees will receive one or more of the following:

### **Manufacturing Skills**

- Advanced Food Processing Procedures
- Research & Development Tools
- Principles of Lean Manufacturing & 5-S (Sort, Stabilize, Shine, Standardize, Sustain)
- Equipment Operations
- Preventive Maintenance
- Trouble Shooting
- Just in Time
- Logistics
- Good Manufacturing Practices (GMP)

### **Business Skills**

- Project Management
- Customer Service
- Telephone Techniques
- Effective Writing Skills (Manuals and Procedures)
- Presentation & Trainer Skills
- Communication and Team Building Skills
- Strategic & Goal Planning
- Work and Personnel System Development/Implementation
- Developing Sales & Marketing Strategies
- Time Management
- Purchasing Procedures
- Implementation of Departmental Budgeting

## **Continuous Improvement**

- Productivity Analysis
- Quality and Process Improvement
- Improve Operating Procedures
- Benchmarking & Best Practices

## **Computer Skills**

- Master Accounting Series – 500 (MAS)
- Microsoft Office Suite
- Report Smith Payroll Program
- Automatic Data Processing-Human Resources
- Print Shop
- Visio
- Eudora (E-mail) & Internet
- Maxico
- Material Resources Planning (MRP)
- Capacity Requirements Planning (CRP)
- Production Order Processing
- Purchasing Order Processing
- Bill of Material Processing
- Inventory
- Adobe Acrobat
- AutoCAD
- F9 – Financial Reporting
- Active Directory
- Exchange
- Information Resources Inc. (IRI)
- Network Management
- Exacta
- Supervisory Program for Process Equipment

## **Management Skills**

- Principles for a Collaborative Workplace
- Leading People Through Change
- Making Meetings Work
- Handling Difficult Employees
- Give and Receive Feedback/Coaching
- Motivation
- Effective Delegation
- Performance Management